



## Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

## COMMUNICATIONS

---

### MODERATION IN CONTROL OF PUBLIC SERVICE CORPORATIONS

---

BY GEN. WM. A. BANCROFT,  
President Boston Elevated Railway Company, Boston, Mass.

---

That the public should be assured of getting the best attainable facilities at the lowest fare charge for which they can be given, every intelligent street railway man agrees. That no quasi-public service of any character can be rendered for a price less than one which will provide an income sufficient to pay operating expenses and give an adequate return on the capital investment, every fair-minded citizen admits. Yet during recent years under local "control" of public service corporations, in the name of "the greatest good to the greatest number," of the sixty-two operating street railway companies reported upon by the railroad commissioners of Massachusetts for the year ending September 30, 1907, twenty showed a deficit that makes them out practically bankrupt; twenty others showed a profit so small that they could pay no dividends; six paid dividends of less than four per cent; and only sixteen paid dividends of four per cent or more. Altogether these sixty-two companies operated 2,855 miles of single track; their gross income from operation was \$30,552,400; and their total investment, including premiums on stock and other obligations, was \$160,104,000. In other words, for each dollar of income their investment was \$5.24.

It cannot be charged that this unsatisfactory showing is due to inflated securities, for no state has more drastic "stock watering" laws than Massachusetts. No reputable management objects to proper safeguards against stock watering; but "protecting investors" has passed all necessary bounds in a state where a company cannot offer new issues of securities to its old stockholders at par, but only at a price determined as their "current market value" by the railroad commissioners, whose ability and fairness are unquestioned. Such a proposition requires no discussion; its effect is obvious; its restrictive effect is wholly in the direction of depriving the public of what it wants or needs by making it impossible, in some instances, to finance improvements and extensions. It is one of the restrictive measures that make the operation of local transportation systems in Massachusetts, outside of the largest centers of population, an almost perilous undertaking at the present time.

In the face of such conditions new measures are put forward every year for further reducing the income or increasing the expenses of street railways "in the interests of the public." Many trolley lines have been obliged to carry school children for half fare in places where the school

houses are inconveniently situated, though when there is no public service corporation to impose upon, the taxpayers make special appropriations for transporting pupils in carriages or what not, and seem to regard the expense as a proper penalty for their lack of judgment in locating the most important of all public buildings. In some places the street car company has been obliged to pave from curb to curb, the highways in which it occupied but a few feet of width. Again, a railway is granted some right, called for by public convenience and necessity only on condition that it will bear the entire expense of widening two miles of street. Elsewhere, the electric road is compelled to remove not only the snow that Heaven sends upon its track, but also that which is sent upon the backyard and sidewalk of every one who has a shovel and broom with which to unload his burden upon the company which must clear the whole roadway.

Various street car companies have been required to light, as well as pave, repair and clean, thoroughfares that never before had been paved, repaired, cleaned or lighted. Legislation has put it into the power of a little town to compel the street car company to pay ostensibly for the maintenance of the highway in which its tracks are laid more money than the town's entire appropriation for the maintenance of all its highways. In one case a Massachusetts village exacted for the privilege of crossing a lonely corner the building of two miles of spur track over which its citizens must be transported free, for all time.

In the enthusiasm of "control" the public has taken no thought of the inevitable consequences of imposing too onerous burdens. It is not a question of the willingness of street railways to do for the community all that is reasonable—and even some things not entirely reasonable. There is a limit to the ability to do, and that limit has been passed in places. Yet there is no sign of a halt. Already there has been introduced at the present session of the Massachusetts legislature a bill for three-cent fares in one city, and another bill for half rates for adults going to evening schools. There is no pretense of justice in such measures; they are frankly exhibitions of the "strong arm" of the demagogue.

Street railway legislation in the future must be in the direction of protecting the companies which furnish local transportation service. Restrictions upon the companies have gone so far that there must now be restrictions upon the public,—at least to the extent of breaking the force of the club so recklessly flourished over public service corporations. It is significant that no municipally operated public service is expected or allowed by the thrifty taxpayers who have to pay the costs on both ends to stray into the fields of philanthropy which the privately owned corporation is expected to cultivate with such diligence.